



Mike Kadas
Director

Montana Department of Revenue



Steve Bullock
Governor

TO: Kory Hofland, BIT

FROM: Eric Dale, Tax Policy and Research

DATE: June 5, 2015

RE: Tax Year 2015 Class 12 Taxable Percentage Rate

CC: Mike Kadas
Amy Carlson
Cynthia Moore
Sherri Diemert

Gene Walborn
Ryan Evans
Harold Blattie
Tim Burton

The tax year 2015 taxable percentage rate for class 12 property is estimated to be **2.97%**.

Per 15-6-145, MCA, the Department of Revenue shall calculate the taxable percentage rate for class 12 property annually by:

1. conducting a sales assessment ratio for class 4 commercial and industrial property;
2. adjusting the total class 4 commercial and industrial market and taxable value;
3. adding this product to the taxable value of other non-class 12 commercial property; and
4. dividing this adjusted total taxable value by the total statewide adjusted market value of all non-class 12 commercial property.

The tax year 2014 sales assessment ratio of class 4 commercial and industrial property is 86.24%. The actual market value for class 4 commercial and industrial property is divided by the sales assessment ratio to determine an adjusted market value.

The class four commercial rate in TY 2014 was 2.47% and the Comstead exemption was 21.50%. With the passage of SB 157 in the 2015 Session, in TY 2015 the commercial rate will be equal to 1.35% multiplied by 1.4. To adjust for the change in the statutory rates between TY 2014 and TY 2015, the actual TY 2014 taxable value is divided by the TY 2014 rate multiplied by one minus the Comstead rate. This quotient is then multiplied by the TY 2015 rate and the multiplier of 1.4. The following table shows class 4 commercial and industrial actual and adjusted market values, as well as the actual and adjusted taxable values.

Class 4 Commercial and Industrial Adjustments	
Class 4 Market Value	
Actual Market Value	18,296,791,403
Sales Ratio	86.24%
Adjusted Market Value	21,216,243,429
Class 4 Taxable Value	
Actual Taxable Value	350,664,658
2014 Tax Rate	2.47%
2014 Comstead Exemption	21.50%
2015 Tax Rate	1.35%
2015 Multiplier	1.4
Adjusted Taxable Value	341,811,911

Because the certification of TY 2015 property values occurs in August of 2015, the information used in this computation is certified TY 2014 values. Once the TY 2015 certification is complete, the department will recalculate the class 12 percentage, and if the recalculated percentage differs from 2.97% by more than 5%, the department will provide notification of the new class twelve percentage by September 1, 2015.

The following table showing the contribution of each class of property to the class 12 taxable percentage rate:

Class 12 Tax Rate - Tax Year 2015			
<u>Class of Property</u>	<u>Market Value</u>	<u>Taxable Value</u>	<u>Effective Tax Rate</u>
Class 4 Commercial and Industrial	21,216,243,429	341,811,911	1.61%
Class 7	14,773,362	1,181,868	8.00%
Class 8	7,039,383,943	143,291,995	2.04%
Class 9	3,122,439,758	374,692,470	12.00%
Class 13	2,831,344,263	169,516,170	5.99%
Class 14	980,528,888	16,600,562	1.69%
Class 15	117,161,777	1,757,428	1.50%
Class 16	0	0	
Total Commercial and Industrial	35,321,875,420	1,048,852,404	2.97%

Please contact Eric Dale at (444-7925 edale@mt.gov) or Emily Klungtvedt (444-6634 eklungtvedt@mt.gov) if you have any questions.